

## 18 V.S.A. § 4635- Pricing Transparency Drug List-DVHA Methodology

Date: June 1, 2022

Vermont law [18 V.S.A. § 4635](#), entitled “Prescription Drug Cost Transparency” requires the Department of Vermont Health Access (“DVHA”) to create two lists of 10 prescription drugs each per the following statutory language:

(b)(1)(A) The Department of Vermont Health Access shall create annually a list of 10 prescription drugs on which the State spends significant health care dollars and for which the wholesale acquisition cost has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year, creating a substantial public interest in understanding the development of the drugs' pricing. The list shall include at least one generic and one brand-name drug and shall indicate each of the drugs on the list that the Department considers to be specialty drugs. The Department shall include the percentage of the wholesale acquisition cost increase for each drug on the list; rank the drugs on the list from those with the largest increase in wholesale acquisition cost to those with the smallest increase; indicate whether each drug was included on the list based on its cost increase over the past five years or during the previous calendar year, or both; and provide the Department's total expenditure for each drug on the list during the most recent calendar year.

(B) The Department of Vermont Health Access shall create annually a list of 10 prescription drugs on which the State spends significant health care dollars and for which the cost to the Department of Vermont Health Access, net of rebates and other price concessions, has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year, creating a substantial public interest in understanding the development of the drugs' pricing. The list shall include at least one generic and one brand-name drug and shall indicate each of the drugs on the list that the Department considers to be specialty drugs. The Department shall rank the drugs on the list from those with the greatest increase in net cost to those with the smallest increase and indicate whether each drug was included on the list based on its cost increase over the past five years or during the previous calendar year, or both.

DVHA's Pharmacy Unit prepared data on drugs that meet the criteria per the following methodology.

**Methodology used for selection of drug list for 18 V.S.A. § 4635:**

To be consistent with other payers and allow the Attorney General's office to maximize comparisons of the list among payers, DVHA developed the list based on the one-year increase in wholesale acquisition cost (WAC) and net cost. The data was supplied by DVHA's Pharmacy Benefits Manager (PBM) Change Healthcare, based on criteria supplied by DVHA and produced a detailed listing of all drugs that exceeded a 15% increase in gross and net cost to DVHA. The final list of the top 10 drugs in each category was derived by reviewing these lists in detail, taking into consideration the previous year's lists, and brand, generic and specialty status. Net spend was also considered when generating the ranking of the drugs in the "net cost" list.

**10 PRESCRIPTION DRUGS WHOLESAL ACQUISITION COST INCREASE (Chart 1)**

This list contains drugs for which the wholesale acquisition cost (WAC) increased by 15 percent or more in calendar year 2021. The WAC unit price for all drugs with utilization was pulled as of December 31st of the calendar year. The data was averaged and grouped at the product name level. The data was drilled down based on the highest total gross cost to DVHA.

TOP 10 BASED ON WAC INCREASE-CY 2021 (Chart 1)									
Therapeutic Category	PRODUCT NAME	GENERIC NAME	LABELER NAME	Brand or Generic (B/G)	Rank by Highest % increase	PERCENT INCREASE (Over One Year)	GROSS AMOUNT PAID	Specialty (Yes)	Drug Appeared on Previous Year's List
Epilepsy	FANAPT TABLETS	lloperidone Tab	VANDA PHARMACEUTICALS, INC.	B	10	16.64%	\$52,696.27	-	Yes
Analgesic	ACETAMINOPHEN EXTRA STREN	Acetaminophen Tab	MAJOR PHARMACEUTICALS	G	5	54.99%	\$16,420.90	-	Yes
Steroid	PREDNISOLONE	Prednisolone Soln	HI-TECH PHARMACAL CO. INC.	G	2	100.00%	\$5,678.86	-	No
Diabetes	GLIPIZIDE	Glipizide Tab	APOTEX CORP.	G	8	24.99%	\$5,533.79	-	No
Allergy/Anxiety	HYDROXYZINE HCL	Hydroxyzine Hcl Syrup	LANNETT COMPANY, INC.	G	3	100.02%	\$4,951.68	-	No
Vitamin	VITAMIN D3	Cholecalciferol	RELIABLE 1 LABORATORIES, LLC.	G	7	30.32%	\$4,218.03	-	No
Diuretic	CAROSPIR	Spironolactone Susp	CMP PHARMA, INC.	B	9	21.94%	\$2,446.94	-	No
Anxiety	CHLORDIAZEPOXIDE	Chlordiazepoxide Hcl Cap	TEVA PHARMACEUTICALS USA, INC	G	4	100.00%	\$2,590.92	-	No
Eye Antifungal	NATACYN	Natamycin Ophth Susp 5%	ALCON LABORATORIES, INC.	B	6	32.13%	\$1,426.32	-	No
Analgesic	NAPROXEN	Naproxen Susp	HIKMA PHARMACEUTICALS USA INC.	G	1	2526.55%	\$860.51	-	No

**TOP 10-NET AMOUNT PAID (Chart 2)**

This list contains drugs for which the net cost to DVHA increased by 15 percent or more in calendar year 2021 DVHA net cost was calculated as wholesale acquisition cost minus manufacturer federal rebates. The total net cost for each NDC was divided by the total quantity (ex. tablets or capsules) of the drug reimbursed by DVHA for that NDC to obtain the Net Unit Cost for each drug. The data was pulled by calendar year. This list is NDC-based. In cases where multiple NDCs of the same drug appeared on the list the total gross spend was combined and the percent increase averaged. The list was ranked based on highest to lowest net paid amount for each drug. It is interesting to note that 2 of the drugs on this list have been considered as treatments of interest for Covid 19; famotidine and Actemra. (Clinical Resource, *Treatments of Interest for COVID-19. Pharmacist’s Letter/Prescriber’s Letter.* October 2020)

TOP 10 NET AMOUNT PAID-CY 2021 (Chart 2)										
Therapeutic Category	PRODUCT NAME	GENERIC NAME	LABELER NAME	Brand or Generic (B/G)	Rank by Net Amount Paid 1= Highest Net Spend	AVERAGE PERCENT INCREASE (Over One Year)	GROSS AMOUNT PAID*	Specialty (Yes)	Appeared on Previous Year's List (Yes/No)	Appeared on this year's GROSS (WAC) COST LIST
Psoriasis, Crohn's, UC	STELARA	Ustekinumab Soln Prefilled Syringe	JANSSEN BIOTECH, INC	B	1	30.97%	\$4,866,642.99	Yes	Yes**	No
Antiasthmatic	XOLAIR	Omalizumab For Inj	GENENTECH, INC.	B	2	40.83%	\$ 562,549.08	Yes	No	No
Antipsoriatics	TREMFYA	Guselkumab Soln	JANSSEN BIOTECH, INC	B	3	18.01%	\$ 313,689.24	Yes	No	No
Insulin	HUMALOG KWIKPEN	Insulin Lispro Soln Pen	ELI LILLY AND COMPANY	B	4	97.55%	\$405,111.25	-	No	No
Anaphylaxis therapy	EPINEPHRINE	Epinephrine Solution Auto-injector	MYLAN SPECIALTY L.P.	G	10	39.19%	\$177,281.09	-	No	No
Stimulant	APTENSIO XR	Methylphenidate HCl	RHODES PHARMACEUTICALS L.P.	B	5	33.93%	\$299,778.97	-	No	No
Antirheumatic	ACTEMRA	Tocilizumab Subcutaneous Soln	GENENTECH, INC.	B	6	15.17%	121,380.30	Yes	Yes***	No
Smoking deterrent	NICOTINE TRANSDERMAL SYST	Nicotine TD Patch	DR. REDDY'S LABORATORIES, INC.	G	7	31.36%	\$101,949.94	-	No	No
Cancer	TASIGNA	Nilotinib HCl Cap	NOVARTIS PHARMACEUTICALS CORPORATION	B	8	129.48%	\$130,167.79	-	No	No
Heartburn	FAMOTIDINE	Famotidine Sus	LUPIN PHARMACEUTICALS, INC.	G	9	181.25%	\$55,545.91	-	No	No
*DVHA is prohibited from publishing drug-specific net cost information. The gross cost to DVHA for each drug listed is provided as a benchmark. This will not align in rank order with the net cost of the drug to the State.									** 2018, 2019, 2020	
									*** 2019	

Both drug lists were further refined to assure that at least one generic and one brand appeared on each list, and specialty drugs were identified. Specialty drugs were defined as per DVHA’s posted list of specialty drugs on the DVHA website at: [DVHA Specialty Drug List](#). Since DVHA is prohibited from publishing drug-specific net cost information, the gross cost to DVHA for each drug listed is provided as a benchmark. This may not align in rank order with the net cost of the drug to the State.

A summary of the drug NDCs analyzed appears in this Chart #3:

CHART #3

2021 GROSS									
Category	Total # NDC's Evaluated	# of NDCs Exceeded Threshold	% of Total	Number of generic NDCs exceeding threshold	Generic % of total NDCs exceeding threshold	Avg % increase Generic	Avg % increase Brand	Avg \$ Inc Generic	Avg \$ Increase Brand
WAC >= 15% last 1Yr	13,347	99	0.74%	56	56.57%	110.67%	26.69%	\$0.20	\$7.09

### DRUG PRICE TRENDS

- Chart #4 below is a summary of the last three years of data on WAC price increases. The NDCs included in this comparison only include NDCs for which DVHA had utilization. Compared to 2019, there has been a 50% decline in the total number of drugs reaching the 15% increase per year threshold. There seems to be a consistent trend that fewer manufacturers are excessively increasing their wholesale acquisition costs for drugs.
- Compared to 2019, the average increase in generic drugs has declined. In 2019 the average increase for a generic was 177% (\$0.68) compared to 2021 the average increase for a generic was 111% (\$0.20).
- Generic drug prices consistently rose at a higher rate than brand drugs. In 2021 the average increase for generic 110% vs average increase brands was 27%.

CHART #4

2019 GROSS									
Category	Total # NDC's Evaluated	# of NDCs Exceeded Threshold	% of Total	Number of generic NDCs exceeding threshold	Generic % of total NDCs exceeding threshold	Avg % increase Generic	Avg % increase Brand	Avg \$ Inc Generic	Avg \$ Increase Brand
WAC>= 15% last 1Yr	12,998	199	1.53%	166	83.42%	176.67%	32.18%	\$0.68	\$5.15
2020 GROSS									
Category	Total # NDC's Evaluated	# of NDCs Exceeded Threshold	% of Total	Number of generic NDCs exceeding threshold	Generic % of total NDCs exceeding threshold	Avg % increase Generic	Avg % increase Brand	Avg \$ Inc Generic	Avg \$ Increase Brand
WAC>= 15% last 1Yr	12,893	116	0.90%	105	90.52%	134.08%	20.59%	\$0.45	\$27.70
2021 GROSS									
Category	Total # NDC's Evaluated	# of NDCs Exceeded Threshold	% of Total	Number of generic NDCs exceeding threshold	Generic % of total NDCs exceeding threshold	Avg % increase Generic	Avg % increase Brand	Avg \$ Inc Generic	Avg \$ Increase Brand
WAC>= 15% last 1Yr	13,347	99	0.74%	56	56.57%	110.67%	26.69%	\$0.20	\$7.09

